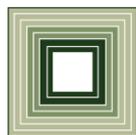




**Joint Appropriations
Committees on
Justice and Public Safety
Budget Overview
February 23, 2021**



FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

JPS Contact Information

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Outline

- **Budget Process**
- **How The Budget Works**
- **Committee Logistics**
- **Fiscal Research**
- **Fiscal Notes/Fiscal Memos**
- **Confidentiality**
- **JPS Budget**
- **Next Steps**

Budget Process

1. Joint Meetings of House and Senate Appropriations Committees on JPS (Feb-Apr)

- Staff presents issues related to JPS agencies in open meetings
- Fiscal presents Consensus Revenue Estimate
- OSBM presents Governor's Recommended Budget
- Members hear and discuss JPS items to prepare for the budget bill

Budget Process

2. Full Chairs (Feb-Apr)

- Meanwhile, Full Chairs jointly decide on spending target based on revenue estimate
- Full Chairs prepare for session by hearing about:
 - Issues related to salaries & benefits
 - Issues related to statewide capital spending
 - Issues that may require spending above and beyond ordinary operations in a subject area
 - example: Economic Development Projects

Budget Process

3. 1st Chamber Budget (Apr-May)

- Senate is first chamber this biennium
- Area chairs work with committee members and interested parties to develop a recommended JPS budget
- Senate JPS votes to approve
- Full Chairs bring all areas together for Full Appropriations Meeting
- Full Chairs bring to Senate floor for chamber vote

Budget Process

4. **2nd Chamber Budget (May-June)**

- Exactly the same as Senate, but House JPS Committee may have different priorities

Budget Process

5. Conference Budget (June-?)

- Reconcile the differences between chamber budgets
- Goal is to pass a Conference Budget in both chambers by end of fiscal year (which ends in June)
- This becomes the **Certified Budget**

Certified Budget

Appropriation

An enactment by the General Assembly authorizing the withdrawal of money from the State treasury.

State Budget Act – Chapter 143C-1-1(d)(1)

“No money shall be drawn from the State treasury but in consequence of appropriations made by law.”

NC Constitution, Art. V, Section 7

Authorized Budget

- “...budget as enacted by the General Assembly shall be administered by the Governor.”
-NC Constitution, Article III, Sec. 5(3)
- Governor delegates Director of OSBM
- Authorized = Operational budget
 - Certified budget plus allowable internal revisions

Budgeting Terms: Budget Types

Certified Budget: The budget as enacted by the General Assembly, plus any funds appropriated to reserves to be allocated to agencies.

Ex.: The 2021 Budget appropriates \$10,000 for Agency Y to buy 10 computers.

Certified budget = \$10,000

Authorized Budget: The certified budget updated to reflect line-item reallocations approved by the Office of State Budget and Management (OSBM) as authorized by G.S. 143C-6-4.

Ex.: Agency Y needs 11 computers. They take funds from the furniture budget to pay for it.

Authorized budget = \$11,000

Actual Budget: The budget as it was implemented.

Ex.: The Division of State Purchase and Contract got the State a great deal on computers. The final cost for Agency Y's 11 computers is \$5,500.

Actual budget = \$5,500



Starting Point: Base Budget



- Previous year's authorized budget
- Backs out nonrecurring reductions or increases
- May also include adjustments for:
 - Annualization of programs
 - Federal payroll tax changes
 - Contracted lease rate increases
 - Receipt projections
 - Reconciliation of intra- and intergovernmental transfers

Budget Terms: Base Budget

Total Requirements

The total cost associated with a proposed expenditure of funds regardless of the source of funds

Departmental Receipts

Fees, licenses, federal funds, grants, fines, penalties, tuition, and other similar collections or credits generated by State agencies that are applied to the cost of a program

Net General Fund Appropriation

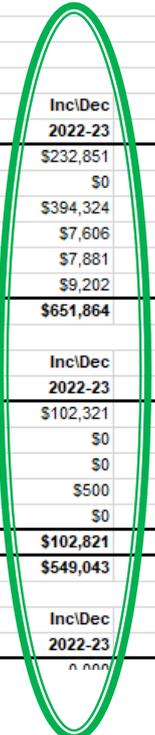
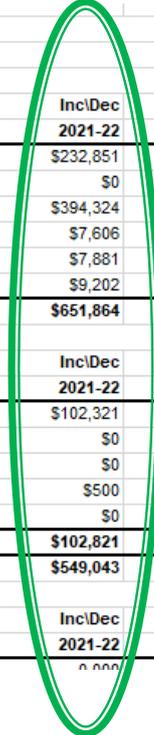
An appropriation of the General Fund's general purpose revenue

**Total Requirements – Department Receipts
= Net General Fund Appropriation**

Starting Point: Base Budget



Requirements								
Fund Code	Fund Title	Actual 2019-20	Certified 2020-21	Authorized 2020-21	InclDec 2021-22	Total 2021-22	InclDec 2022-23	Total 2022-23
1100	Administration and Services	\$77,945,718	\$57,153,482	\$57,152,364	\$232,851	\$57,385,215	\$232,851	\$57,385,215
1200	Appellate Division	\$16,234,370	\$16,553,718	\$16,693,507	\$0	\$16,693,507	\$0	\$16,693,507
1300	Trial Court Division	\$350,425,213	\$377,432,943	\$377,365,570	\$394,324	\$377,759,894	\$394,324	\$377,759,894
1410	Specialty Services and Programs	\$24,596,766	\$25,102,066	\$25,088,898	\$7,606	\$25,096,504	\$7,606	\$25,096,504
1600	Office - District Attorney	\$113,978,253	\$126,417,808	\$126,675,804	\$7,881	\$126,683,685	\$7,881	\$126,683,685
1700	Independent Commissions	\$2,743,658	\$2,529,024	\$2,411,786	\$9,202	\$2,420,988	\$9,202	\$2,420,988
Total Requirements		\$585,923,979	\$605,189,041	\$605,387,929	\$651,864	\$606,039,793	\$651,864	\$606,039,793
Receipts								
Fund Code	Fund Title	Actual 2019-20	Certified 2020-21	Authorized 2020-21	InclDec 2021-22	Total 2021-22	InclDec 2022-23	Total 2022-23
1100	Administration and Services	\$6,274,912	\$577,337	\$531,397	\$102,321	\$633,718	\$102,321	\$633,718
1300	Trial Court Division	\$69,035	\$0	\$0	\$0	\$0	\$0	\$0
1410	Specialty Services and Programs	\$189,201	\$200,000	\$186,832	\$0	\$186,832	\$0	\$186,832
1600	Office - District Attorney	\$557,502	\$142,004	\$400,000	\$500	\$400,500	\$500	\$400,500
1700	Independent Commissions	\$457,928	\$0	\$0	\$0	\$0	\$0	\$0
Total Receipts		\$7,548,579	\$919,341	\$1,118,229	\$102,821	\$1,221,050	\$102,821	\$1,221,050
Net Appropriation		\$578,375,400	\$604,269,700	\$604,269,700	\$549,043	\$604,818,743	\$549,043	\$604,818,743
FTE								
Fund Code	Fund Title	Actual 2019-20	Certified 2020-21	Authorized 2020-21	InclDec 2021-22	Total 2021-22	InclDec 2022-23	Total 2022-23
1100	Administration and Services	289,500	285,500	289,500	0,000	289,500	0,000	289,500



Budgeting Terms: Codes

Budget Code: A five digit code assigned by OSBM that identifies the fund type (General Fund, Highway Fund, etc.) and the entity.

Example: Department of Public Safety General Fund is **14550**

Fund Code: A four digit code identifying funds designated for a specific purpose or program within an agency. Fund Codes are a subset of the Budget Code.

Example: DPS – Administration is 14550-**1100**



www.shopretroworks.com

Starting Point: Base Budget

Status: Approved

1200-Administrative Office of the Courts								
12000-Judicial - AOC - General Fund Requirements								
Fund	Fund Title	Actual	Certified	Authorized	InclDec	Total	InclDec	Total
Code		2019-20	2020-21	2020-21	2021-22	2021-22	2022-23	2022-23
1100	Administration and Services	\$77,945,718	\$57,153,482	\$57,152,364	\$232,851	\$57,385,215	\$232,851	\$57,385,215
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FTE								
Fund	Fund Title	Actual	Certified	Authorized	InclDec	Total	InclDec	Total
Code		2019-20	2020-21	2020-21	2021-22	2021-22	2022-23	2022-23
1100	Administration and Services	269,500	265,500	269,500	0,000	269,500	0,000	269,500

Budgeting Terms: Funds

General Fund: The main source of operating funds for the State. Comprised of the beginning credit balance, State tax revenue, and State non-tax revenue. (1xxxx budget codes)

Special Fund: Fund to which revenues are deposited that are designated for a specific purpose and remain in the account until expended for that purpose. (2xxxx budget codes)

Example: Seized and Forfeited Assets Funds

Enterprise Fund: Fund for any activity for which a fee is charged to external users for goods or services. (5xxxx budget codes)

Example: ABC Commission



Budgeting Terms: Accounts



Personal Services: Services rendered by permanent and temporary employees and related fringe benefits



Purchased Services: Services provided by external firms, agencies, or divisions within the same organization; includes contracts, IT and travel costs



Supplies: Supplies or materials expected to be consumed within the normal course of operating and which are generally recurring in nature

Budgeting Terms: Accounts



Property, Plant and Equipment: Payments for acquiring property, constructing additions to buildings, and purchasing equipment, furniture, and machinery that is not consumable or expendable and has an expected life of longer than one year



LexisNexis™

Other Expenses and Adjustments: Miscellaneous operational costs such as legal or permit costs, pension payments, or subscriptions



Aid and Public Assistance: Funds to direct recipients, providers or other agencies for designated programs, assistance or special projects

Budgeting Terms: Salaries

Lapsed salary: the nonrecurring amount of salary and associated benefits not expended during the period in which a position is vacant.

Ex.: Joe is in Position X. He has a salary of \$60,000 (\$5,000 per month). He retires in December. His replacement, Jane, is hired in March. The position was vacant for three months, generating \$15,000 in lapsed salary.



Salary reserve: the recurring amount created when a position is downgraded or filled at a salary lower than what was previously budgeted.

Ex.: Jane is hired for Position X. Her salary is \$50,000. Position X is budgeted at \$60,000. The position generates \$10,000 in salary reserve.

Use of Lapsed Salary

G.S. 143C-6-9 Use of lapsed salary savings

Lapsed salary savings may be expended only for nonrecurring purposes or line items.

OSBM Budget Manual:

- Limited to expenditure in Personal Services, Purchased Services, Supplies, Equipment, or Other accounts
- Expenditure in Purchased Services does not require prior approval of OSBM
- Funds can only be spent after they have been generated
- Contracts funded with lapsed salaries are limited to the fiscal year
- Funds can't be used to create new positions, provide salary increases, or expand the scope of a program

End Point: Budget Bill

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

SESSION LAW 2018-5
SENATE BILL 99

AN ACT TO MODIFY THE CURRENT OPERATIONS APPROPRIATIONS ACT OF 2017
AND TO MAKE OTHER CHANGES IN THE BUDGET OPERATIONS OF THE STATE.

The General Assembly of North Carolina enacts:

PART I. INTRODUCTION AND TITLE OF ACT

TITLE OF ACT

SECTION 1.1. This act shall be known as the "Current Operations Appropriations Act of 2018."

INTRODUCTION

SECTION 1.2. The appropriations made in this act are for maximum amounts necessary to provide the services and accomplish the purposes described in the budget in accordance with the State Budget Act. Savings shall be effected where the total amounts appropriated are not required to perform these services and accomplish these purposes, and the savings shall revert to the appropriate fund at the end of each fiscal year, except as otherwise provided by law.

Budget Provisions directing the expenditure of funds,
requiring reports, creating/authorizing programs

End Point: Committee Report

Criminal Justice Training and Standards
Fund Code: 1500

Requirements	\$	11,328,266
Less: Receipts	\$	2,603,625
Net Appropriation	\$	8,724,641
FTE		133.000

base

fund codes

21 Justice Academy Firearms Instructor
Fund Code: 1500

Requirements	\$	90,608 R 4,737 NR
Less: Receipts	\$	-
Net Appropriation	\$	95,345
FTE		1.000

\$\$

“snappy”

Funds a second firearms instructor to be housed at the Western Justice Academy in Edneyville. The current firearms instructor divides time between Edneyville and the Justice Academy in Salemburg.

Criminal Justice Training and Standards Revised Budget

Requirements	\$	11,423,611
Less: Receipts	\$	2,603,625
Net Appropriation	\$	8,819,986
FTE		134.000

to be certified

Modifies Base Budget expenditures for upcoming biennium in long session and makes adjustments in the 2nd year budget in short session

Outline

- Budget Process
- How The Budget Works
- **Committee Logistics**
- **Fiscal Research**
- **Fiscal Notes/Fiscal Memos**
- **Confidentiality**
- JPS Budget
- Next Steps

Full Chair Guidance

- Review agency budgets and operations
- Focus on core functions of government and whether they are adequately funded
- Look for efficiencies across State government, including looking at duplicative programs and evaluating if fund levels are appropriate for non-core services



Refer to the Full Chairs:

- **Salary issues**
- **Capital expenditures**

Committee Website

Joint Justice and Public Safety Meetings have a website that is linked off either the House or Senate committee websites.

- Agendas
- All committee handouts
- Follow-up information
- Meeting audio
- Mandated Agency Reports



North Carolina General Assembly - Joint Meetings of House and Senate Appropriations on Justice and Public Safety

Fiscal Research Division

- Nonpartisan, professional staff serving all 170 members
- 36 analysts divided into 8 teams
- Primary responsibilities during Session:
 - Staff Appropriations & Finance committees
 - Respond to member requests
 - Write fiscal notes, fiscal memos, and incarceration notes



Fiscal Research Division

Fiscal Notes

- Five-year analysis of all estimated fiscal effects of a bill on expenditures or revenue of the State
- Prepared upon request of bill sponsor or other member
- Request and information about note remain confidential until note becomes public

Fiscal Memo

- Same analysis as a Fiscal Note
- Usually prepared for draft bills or PCS
- Remains confidential after completion

Incarceration Note

- Required for proposed changes that may impact incarceration rates in State facilities
- Two-week completion time



Fiscal Research Division

Fiscal or incarceration note requests should be emailed to:

@Fiscal Note Requests

fiscalnoterequests@ncleg.gov

Include:

- **Requestor's name**
- **Bill number (or draft number for a memo or PCS)**
- **Short title**

Fiscal Research Division



FRD website:

<http://www.ncleg.net/FiscalResearch/index.html>

- Annotated Committee Reports
- Fiscal Notes
- Revenue Forecasts
- Budget Legislation
- Staff listing

Confidentiality

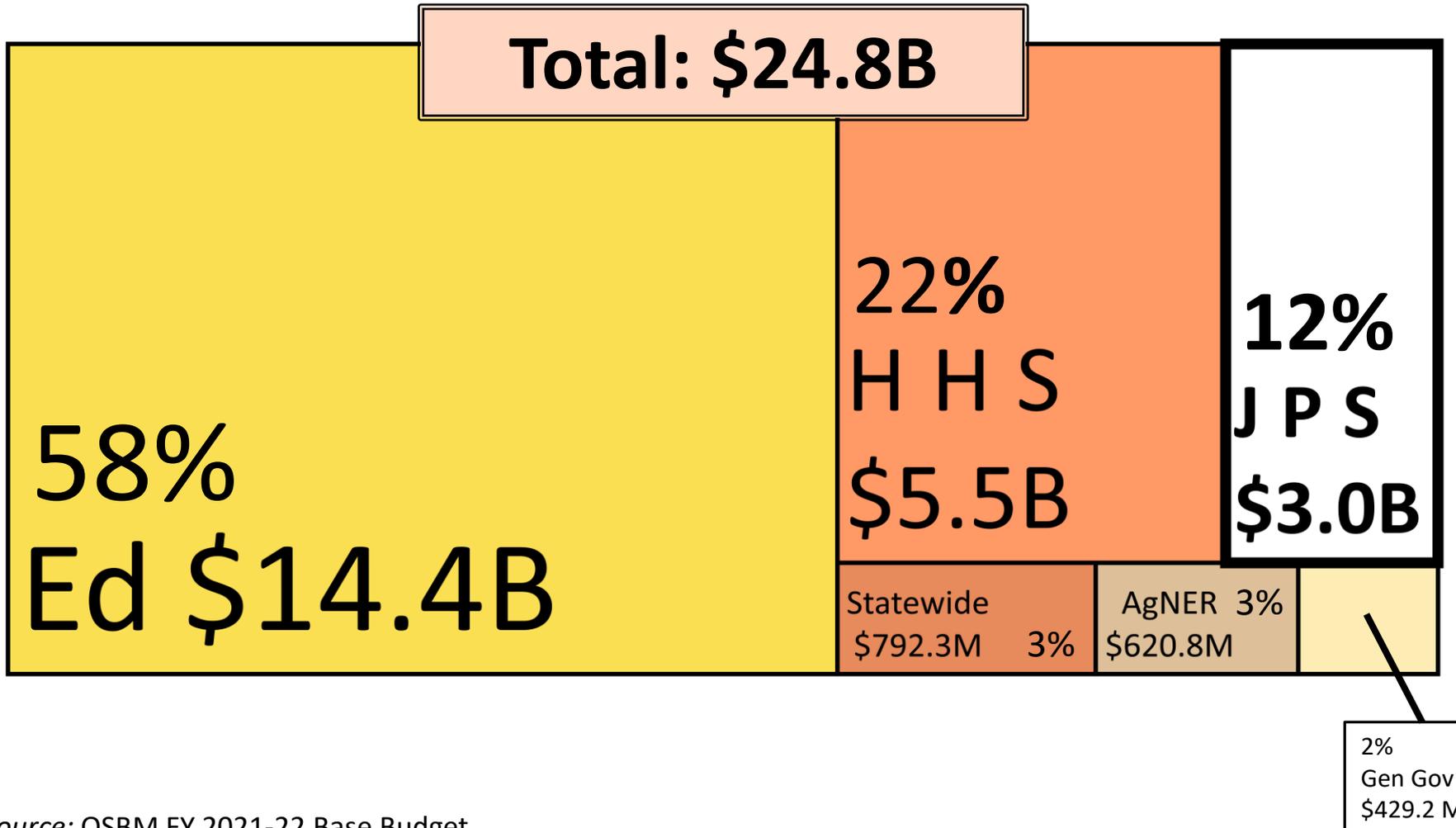
- **ALL requests made to fiscal staff are confidential**
- **Requests to agencies by fiscal staff are **NOT** confidential unless directly related to a fiscal note**

TOP SECRET

Outline

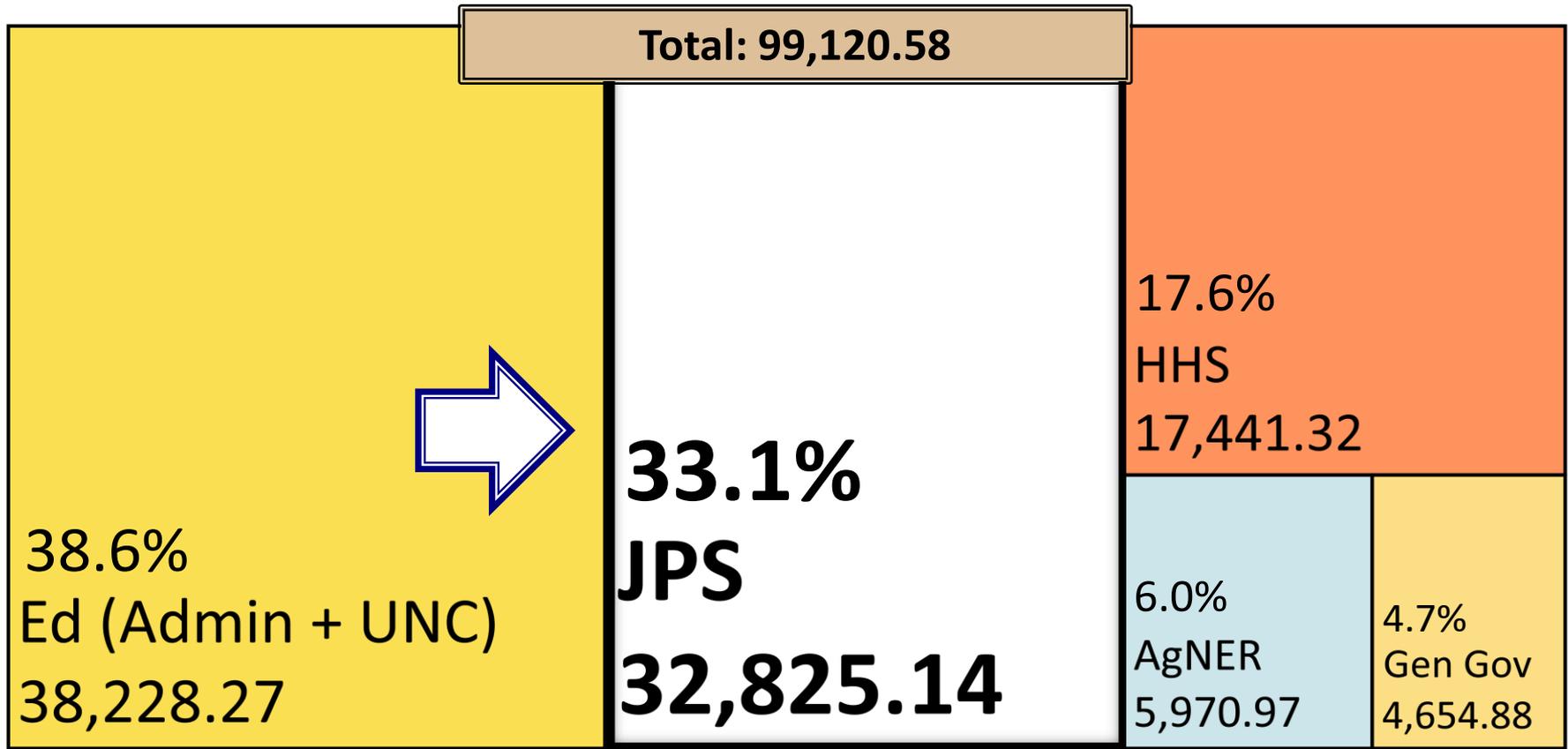
- Budget Process
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- **Next Steps**

Base Budget Net General Fund Appropriations FY 2021-22



Source: OSBM FY 2021-22 Base Budget

NC General Fund Full-Time Equivalent Positions (FTE) FY 2020-21



Source: Survey of State Agencies and Other State-funded Institutions, Fiscal Research Division, NC General Assembly, Office of State Budget and Management, December 2019

JPS is 4 Agencies

Judicial Branch



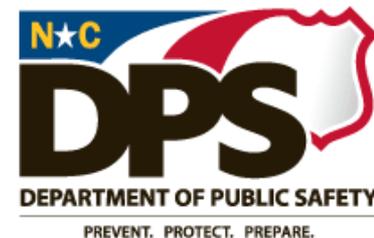
OFFICE OF INDIGENT DEFENSE SERVICES

Executive Branch

Council of State



Governor's Cabinet



What JPS Does

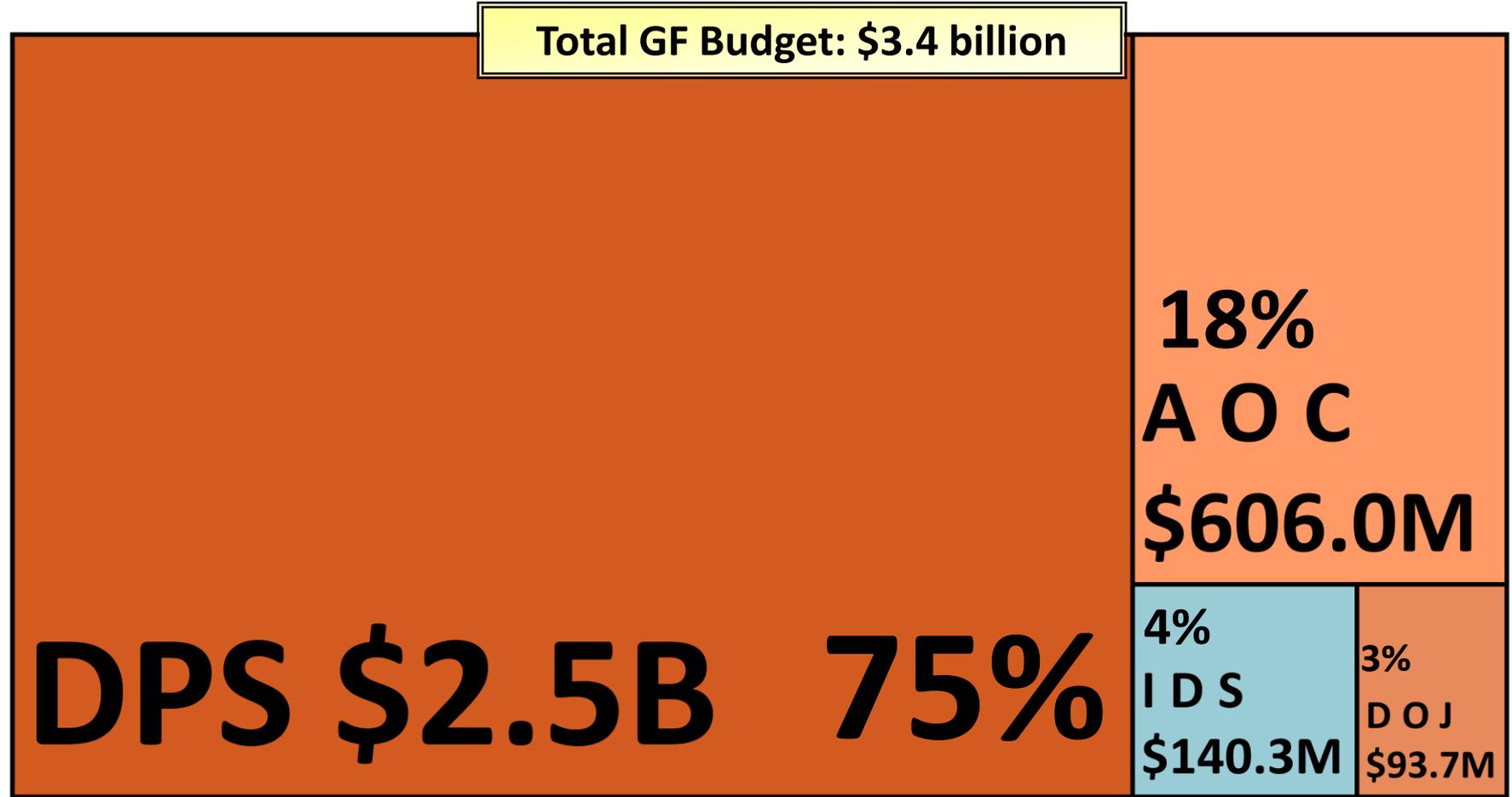
Judicial Branch

- Judges/Justices
- Clerks of Court
- District Attorneys
- Magistrates
- Court Staff
- Public Defenders
- Private Assigned Counsel
(by contract)
- Innocence Commission
- Sentencing & Policy Advisory
Commission
- Judicial Standards Commission

Executive Branch

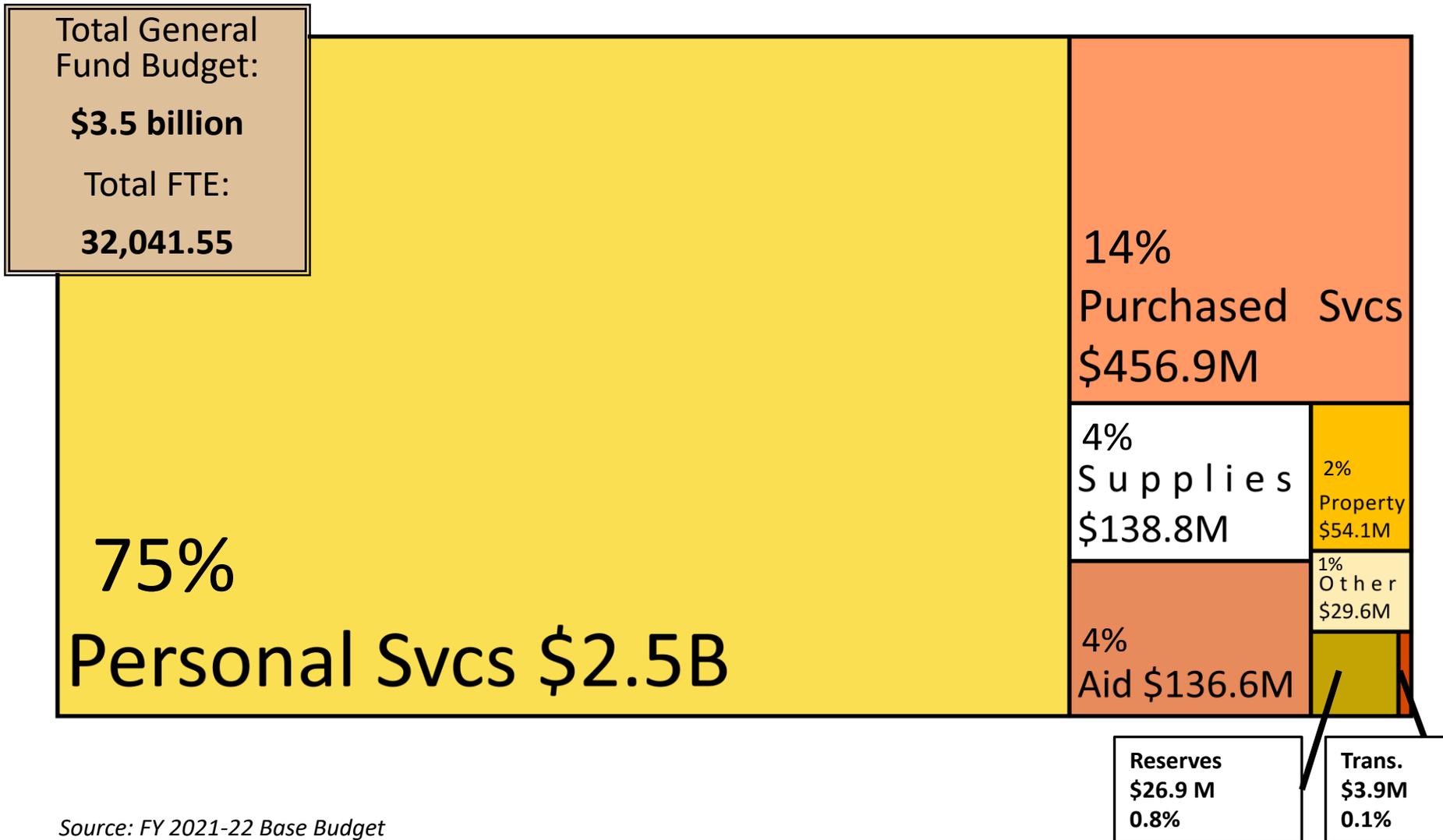
- DOJ Legal Services
- State Crime Lab
- Law Enforcement Training/Standards
- Prisons
- Juvenile Justice
- Community Corrections
- Emergency Management
- Office of Recovery and Resiliency
- State Highway Patrol
- State Bureau of Investigation
- Alcohol Law Enforcement
- NC National Guard
- Governor's Crime Commission
- Victim Services
- Private Protective Services
- ABC Commission

JPS General Fund Base Budget Expenditures by Agency FY 2021-22



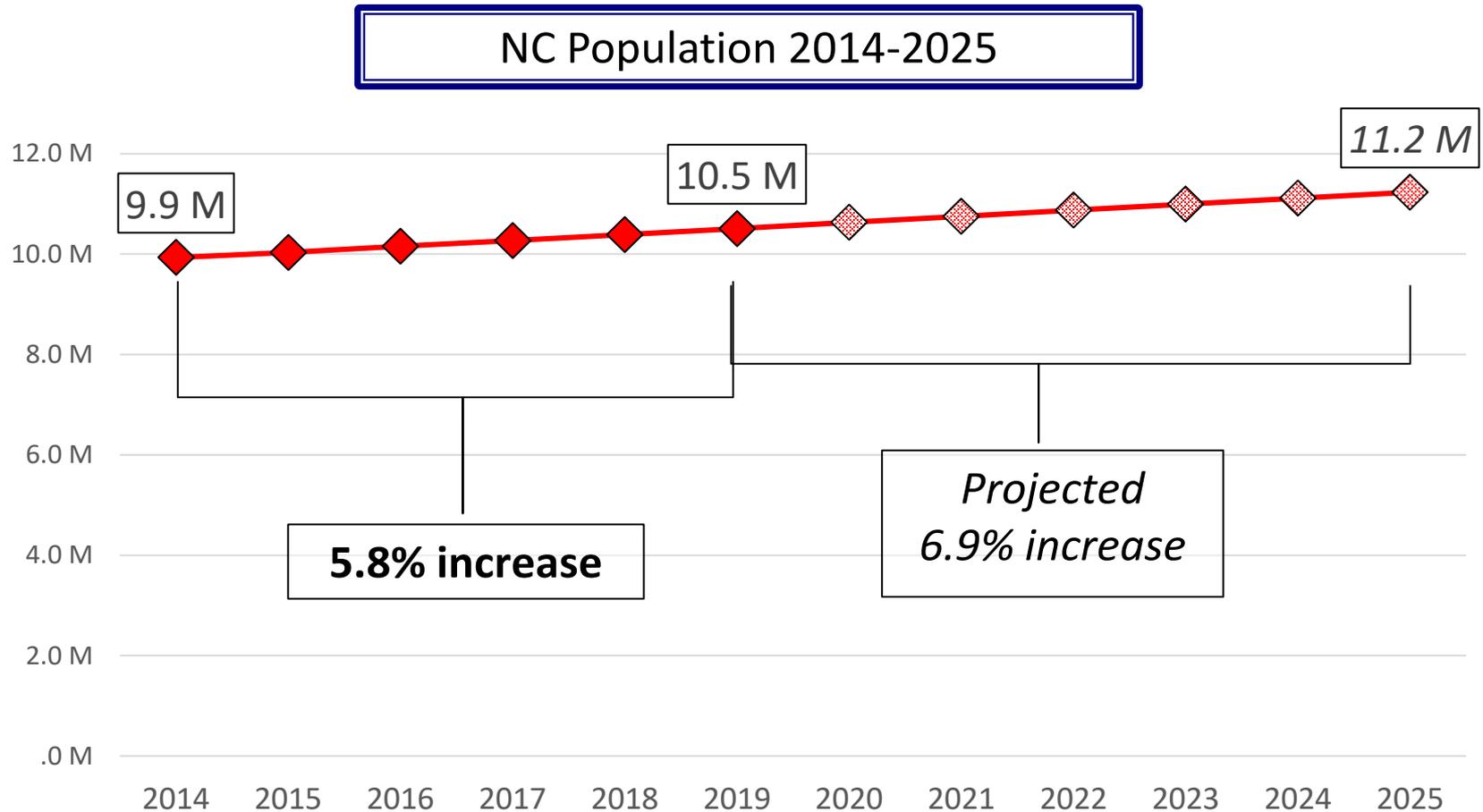
Source: FY 2021-22 Base Budget

JPS General Fund Base Budget by Account FY 2021-22



Source: FY 2021-22 Base Budget

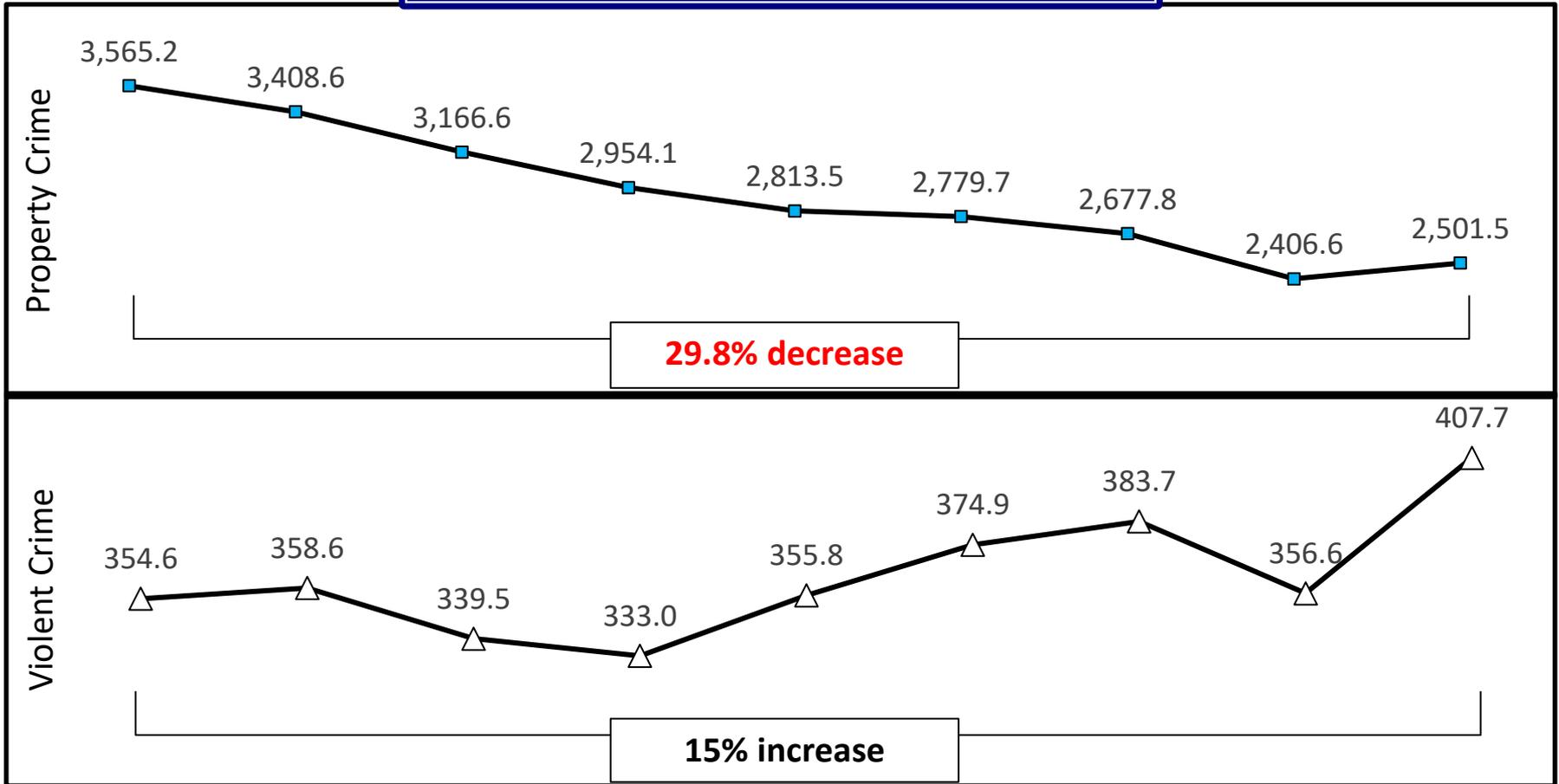
JPS Budget Drivers



Source: NC Data Center (LINC)

JPS Budget Drivers

Crime Trends per 100,000, 2010-2019



Source: NC SBI

JPS Budget Drivers

Structured Sentencing (1990)

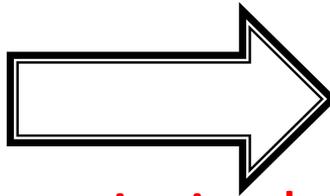
- Similar sentences for similar crimes across the State
- Punishment structured to fit the crime
- Parole was eliminated

Justice Reinvestment (2011)

- More suspended sentences for lower-level offenses
- More use of community corrections/keeping the offender in the community
- Active sentences for higher-level offenses
- Inmates tend to be more violent and less healthy

JPS Budget Drivers

- Population is growing
- Property crime rate is dropping
- Violent crime rate is increasing



- Drop in criminal court filings/dispositions
- (More time for courts to address casework)
- Offender population slightly lower since JRA
 - (COVID has reduced even more)
- More unhealthy inmates = higher medical costs
- More violent inmates = more need for Corr Officers

JPS - AOC

Administrative Office of the Courts (AOC)

Administrative arm of the unified court system

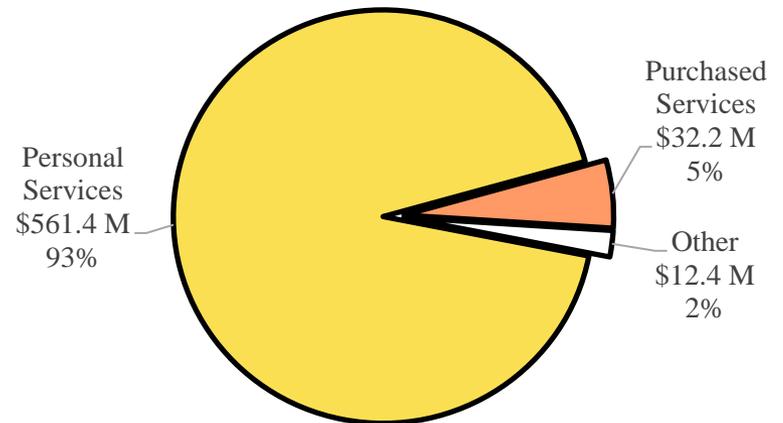
Paul Newby, Chief Justice

Andrew Heath, Director of AOC

Includes:

- Supreme Court
- Court of Appeals
- Superior courts
- District courts
- District attorneys
- Magistrates
- Clerks

**AOC Total General Fund Base Budget
FY 2020-21**



Total General Fund Budget: \$606.0 million

Total FTE: 6,451.25

Source: FY 2021-22 Base Budget, OSBM

JPS - IDS

Indigent Defense Services (IDS)

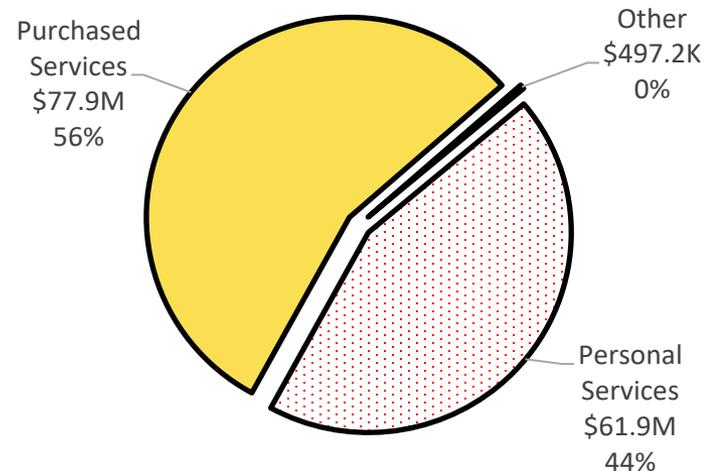
Funds defense attorneys for indigent defendants

Mary Pollard, Director of IDS

Includes:

- Public Defender offices
- Private Assigned Counsel Fund

**IDS Total General Fund Base Budget
FY 2020-21**



Total General Fund Budget: \$140.3 million

Total FTE: 554.0

Source: FY 2021-22 Base Budget, OSBM

JPS - DOJ

Department of Justice (DOJ)

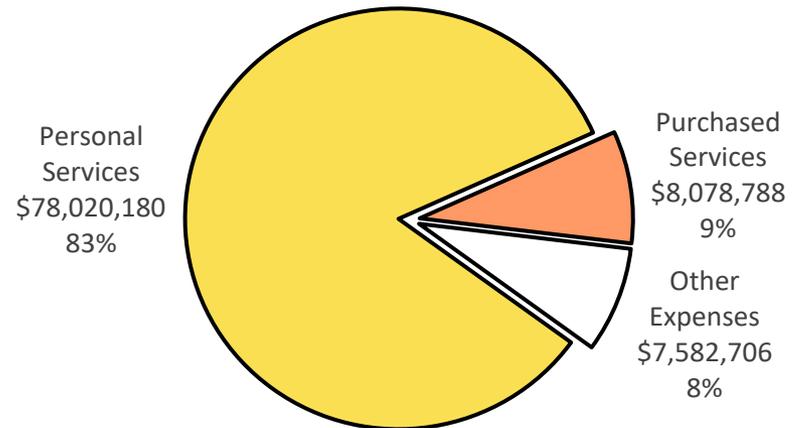
Funds legal services for the State, assists local law enforcement agencies, and oversees law enforcement standards and training

Josh Stein, Attorney General

Includes:

- Legal services
- NC State Crime Lab
- Consumer Protection
- Criminal Justice Education and Training Standards
- Sheriffs' Education and Training Standards
- Justice Academy

**DOJ Total Base Budget General Fund Expenditures
FY 2021-22**



Total General Fund Budget: \$93.7 million

Total FTE: 789.89

Source: FY 2021-22 Base Budget, OSBM

JPS - DPS

Department of Public Safety (DPS)

Houses the former Departments of Crime Control and Public Safety, Juvenile Justice and Delinquency Prevention, and Correction

Erik Hooks, Secretary

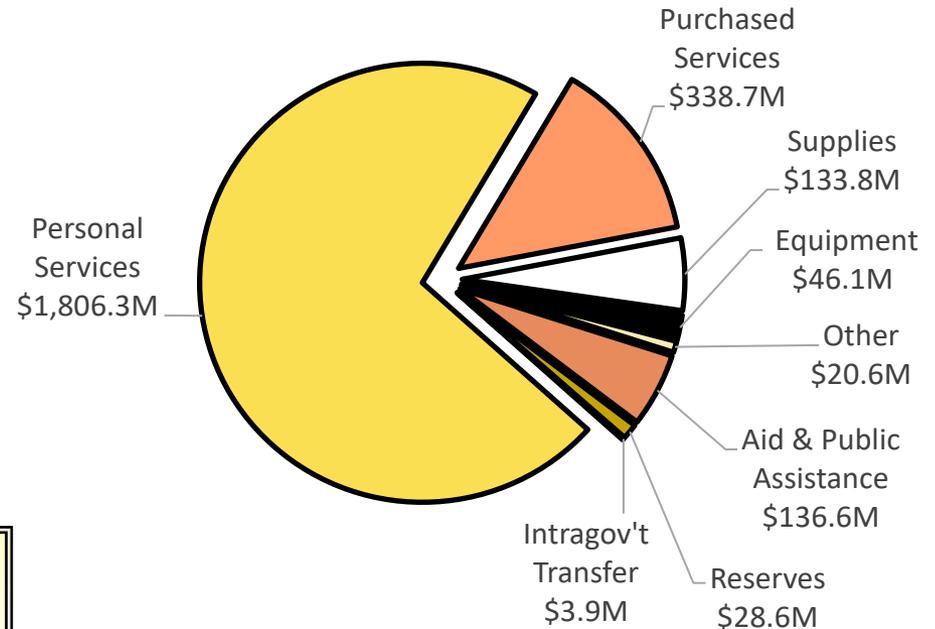
Includes:

- Prisons
- Community Corrections
- Juvenile Justice
- Highway Patrol
- State Capitol Police
- State Bureau of Investigation
- Alcohol Law Enforcement
- Emergency Management
- National Guard
- Victims Services

Total General Fund Budget: **\$2.5 billion**

Total FTE: **24,727.416**

**DPS Total Base Budget General Fund Expenditures
FY 2021-22**



Source: FY 2021-22 Base Budget, OSBM

Upcoming Meetings

This week:

- Tomorrow – No Meeting
- Thursday – DPS Overview & Prisons

Next week:

- Tuesday: Prisons & Community Corrections
- Thursday: Juvenile Justice

Remaining presentations:

- Judicial Branch
- Law Enforcement
- Administration
- National Guard
- Emergency Management
- Department of Justice

JPS Contact Information

Fiscal Research Division (919) 733-4910

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DPS – Prisons, Community Corrections, and Correction Enterprises

Morgan Weiss – Morgan.Weiss@ncleg.gov

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